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UNCLAS SECTION 01 OF 02 KUWAIT 001247

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SUBJECT: KUWAIT MEDIA REACTION -- MEDIA SPECULATES ON GOK DEAL WITH
DOW CHEMICAL

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SUMMARY

Sunday, December 28, 2008

¶1. (U) Summary and Comment. As of late Sunday, December 28, Al-Rai and Al-Watan T.V. reported that the Council of Ministers had arrived at a negative decision in regards to the Government of Kuwait (GOK) deal with Dow Chemical. This media reaction cable covers the lead-up to the Council's decision; subsequent post-decision media coverage and details will be reported SEPTEL. On Monday, December 29, all Kuwaiti dailies are certain to carry headlines and commentaries detailing the Council's decision. However, on the morning of December 28, all Kuwaiti dailies had continued to speculate on the deal's fate, with one daily carrying the headline "D-Day for K-Dow Deal." The same day, all Arabic and English dailies quoted "sources," when discussing possible outcomes of the deal, but none would cite names, exemplifying the level of conjecture and rumor surrounding the deal's details. Several politicians gave interviews or went on record with the press, including the Speaker of Parliament as well as the spokesman for the conservative Public Action Bloc. On Saturday, December 27, Kuwaiti Minister of Oil Engineer Mohammed Abdullah Hadi Al-Olaim spoke to Kuwait's privately owned moderate Al-Rai TV, in which he expressed his and the GOK's support for the deal. Subsequently, many Kuwaiti dailies ran a print version of the interview, with al-Rai television's print counterpart covering the interview with the greatest depth.

"D-Day for K-Dow Deal"

¶2. (U) Under the front page headline, "D-Day for K-Dow Deal," the staff of the conservative English language newspaper, al-Watan daily, wrote (12/28): "The government is expected to take a historic decision today Dec. 28, 2008 on the controversial Dow deal which has caused a chorus of public outcry amid concerns over its economic feasibility as well as the huge costs involved. Several lawmakers have already threatened to exercise their constitutional rights by grilling His Highness the Prime Minister Shaykh Nasser Al Sabah in the event that he decides to proceed with the controversial venture despite an overwhelming popular opposition to the deal. In another development, a number of lawmakers have cautioned the Oil Minister Mohammed Al-Olaim that his resignation from the upcoming Cabinet lineup will not exempt him from political accountability in

signing the deal."

Press Cites Unnamed Sources

13. Many newspapers cited "sources" or "informed sources" as the origin of the information for their articles. For example, "informed sources" told the liberal Arabic language daily Al-Jarida that the difficulties that the project is facing are results of political struggles in Kuwait, rather than comprehension of the impact of the deal. The same sources confirmed that the Oil Council has full authority to do what it sees best for Kuwait's oil sector interests. The sources also asserted that the studies of the K-Dow project had considered all possible changes in oil prices, and the final results were 10% profit, which is considered a favorable profit margin. Likewise, the new moderate Arabic language daily, Assawt, cited unnamed sources in their coverage of the run-up to the deal, claiming that all Kuwaiti Cabinet Ministers have voted in favor of the agreement, except Minister of Commerce and Industry Ahmed Bager Al-Abdullah. The unnamed sources also said that the Revision and Accountability Council had submitted documentation proving that the financial viability of the project had been considered, and will be reviewed by the Council in future assessments. Finally, the same unnamed sources also said that the decision to cancel the agreement or to proceed with it would have to be put before the Council of Ministers and the Kuwaiti public.

Politicians Go to the Press

14. (U) Several of the Kuwaiti dailies also carried interviews with figures in Kuwait's political scene, as well as Minister of Oil, Engineer Mohammed Abdullah Hadi Al-Olaim. At a press conference

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picked up by Kuwait News Agency (KUNA), the Speaker of Parliament, Jassem al-Khorafi, vehemently denounced the deal. This press conference appeared in most major Kuwaiti dailies on December 28. Additionally, the front page of Arrouiah (12/28) carried a press interview with Public Action Bloc spokesperson Msalam Al-Barak. In the interview, he told reporters that Dow Chemical's CEO and other parties in Kuwait are only interested in making profits out of Kuwait's public funds, through the penalty terms outlined in the deal. Al-Barak questioned if Kuwaiti money has become the savior of American companies. He also urged officials to invest these funds in domestic development projects. Al-Barak responded ferociously to statements made by the CEO of Dow on the American news channel, MSNBC, where the CEO reportedly said that Kuwait had saved DOW with this deal. The spokesperson for the political group then challenged the CEO to publish for the Kuwaiti public the full terms of the proposed deal.

Minister of Oil Speaks to Al-Rai T.V.

15. (U) On Saturday, December 27 Al-Rai TV interviewed Kuwaiti Minister of Oil Engineer Mohammed Abdullah Hadi Al-Olaim. On Sunday, December 28 Al-Rai newspaper published his statements, with a front page headline that read (12/28), "Al-Olaim to Al-Rai: The Dow Agreement has gone through all the channels that qualify it for implementation." In the interview, which continued on page 54, Al-Olaim said, "We have undertaken all the legal steps to bring the project proposal to its final copy. We have worked together with experts and consultants from all over the world." Al-Olaim mentioned that the December 28 session of Parliament will look into all of the legal questions that the Council of Ministers submitted to the Legal Committee. Added Al-Olaim: "We sat with members of the Legal Committee and we discussed the issues with them in total transparency. All points should be clear to them." When asked why he was still supportive of the project although he does not intend to be part of the new GOK Cabinet, Al-Olaim replied: "One must be true to himself first, and to his country too. I believe the Dow project is good for our country and would serve our interests,

especially in its final form, which has gone through all the legal revisions. It is my responsibility as a government official to defend a project that would serve the interests of my country."

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